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**SACRAMENTO ACCOUNTANT PLEADS GUILTY TO
PARTICIPATION IN INTERNATIONAL TAX FRAUD SCHEME**

Washington, D.C. - Eileen J. O'Connor, Assistant Attorney General for the Tax Division, and John McKay, United States Attorney for the Western District of Washington, today announced the convictions of Roosevelt L. Drummer, 46, of Sacramento, and another man, Roy Lentz, of Washington State, both accountants, on charges of conspiring to defraud the Internal Revenue Service, in connection with their work as accountants with Anderson's Ark & Associates. The pleas were entered on October 16, 2001 and July 25, 2001, respectively. The guilty pleas remained sealed until April 11, 2002.

Eileen J. O'Connor, Assistant Attorney General for the Justice Department's Tax Division, said, "The defendants were tax return preparers who knew that their clients' tax returns claimed fraudulent refunds. The Department of Justice will continue to work with the IRS to stop promoters of illegal tax schemes from perpetrating schemes that defraud the honest taxpayers who file truthful tax returns."

Drummer and Lentz admitted in their plea agreements that they participated in an illegal tax scheme marketed by Anderson's Ark & Associates. As part of the scheme, the accountants filed income tax returns for clients that claimed refunds of all taxes paid for the current and previous two years. In total, over \$100 million in false deductions were reported to the IRS by Anderson's Ark & Associates' clients, according to criminal informations filed in conjunction with the guilty pleas. Both Mr. Drummer and Mr. Lentz have agreed to cooperate in the Government's continuing investigation.

Drummer was previously convicted in Sacramento on federal charges of conspiracy to defraud the United States, making false statements, and securities fraud. In 1994 he was sentenced by U.S. District Court Judge Edward J. Garcia to a year in prison, a period of supervised release, and a fine.

Several criminal prosecutions are currently pending against the leaders of Anderson's Ark & Associates. A criminal complaint was filed in the Western District of Washington against Keith E. Anderson on November 19, 2001. The complaint alleges that Anderson's Ark & Associates, an organization founded by Anderson, obtained approximately \$28 million in illegal

tax refunds for more than 1,500 clients from 1998 to 2001. The complaint also alleges that Anderson's Ark & Associates handled more than \$50 million of clients' money. The complaint further alleges that Anderson's Ark & Associates prepared tax returns that claimed large tax deductions for fraudulent "net operating losses" and "consulting expenses." In reality, the complaint alleges, the funds were not spent as claimed, but instead were wired to Costa Rica so that clients could later withdraw them with a debit card. Keith E. Anderson was apprehended in Costa Rica on February 9, 2002, and is awaiting extradition to the United States.

Keith E. Anderson and three other defendants associated with Anderson's Ark and Associates also are charged in an indictment returned in the Eastern District of California on May 3, 2001, with conspiring to commit money laundering. In that case, Keith Anderson's brother Wayne Anderson, 62, formerly of Squaw Valley, California, and Richard Marks, 58, formerly of Sacramento, were arrested February 28, 2001 in California. Karolyn Grosnickle, 59, of Hoodspport, Washington, was arrested August 17, 2001 in Washington State after six months as a fugitive. All three are currently in custody in Sacramento awaiting trial. The trial in the money laundering case is scheduled to commence on May 7, 2002, before U.S. District Court Judge Lawrence K. Karlton. If convicted, each defendant faces a penalty of up to 20 years in prison and a \$500,000 fine on each count.

In a related case, Wayne Anderson's daughter Terri Yvonne Lewis, 42, his son-in-law Curtis W. Lewis, 46, and his son Steven Lyle Anderson, 37, all of whom are residents of Squaw Valley, California, were named in an indictment returned by a federal grand jury in Fresno, California on October 11, 2001. Trial in that case is also scheduled to commence on May 7, 2002. Terri Lewis, Curtis Lewis and Steven Anderson are charged with conspiracy to obstruct justice by shredding Anderson's Ark & Associates documents and erasing Anderson's Ark-related matters from a computer after being served with federal grand jury subpoenas to produce documents and preserve information on their computers. They are also charged with destruction and removal of property for shredding documents before and during the execution of federal search warrants. If convicted on all counts, Terri Lewis and Steven Anderson face up to 25 years in prison, and Curtis Lewis faces up to 15 years in prison.

In another prosecution arising out of the same series of investigations, two other men have been charged with money laundering offenses in the District of Massachusetts. In that case, Anderson's Ark & Associates member Richard L. Castellini, of New Jersey, and Massachusetts resident Michael Gonet were charged with money laundering and money laundering conspiracy in an indictment filed in Boston on March 29, 2001. No trial date for that case has been scheduled.

The tax fraud case in the Western District of Washington is being prosecuted by Tax Division Trial Attorneys Corey J. Smith and Krista Tongring. The Sacramento money laundering case is being prosecuted by Assistant U.S. Attorneys Benjamin B. Wagner and James P. Arguelles of the Sacramento office of the U.S. Attorney's Office for the Eastern District of California. The Fresno obstruction of justice case is being prosecuted by Assistant United States Attorneys Mark E. Cullers, Sherrill Carvalho and Sheila K. Oberto of the Fresno office of the

U.S. Attorney's Office for the Eastern District of California. The Boston money laundering case is being prosecuted by Assistant U.S. Attorney Allison Burroughs.

The defendants awaiting trial in these cases are presumed innocent until and unless proven guilty beyond a reasonable doubt.

Additional information about tax fraud schemes to watch out for can be found on the IRS Criminal Investigation website. <<http://www.ustreas.gov/irs/ci/>>

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